May 21, 2017

Ferroglobe Reports Results for First Quarter 2017

- Q1 2017 revenue of $388.2 million, flat compared to $386.8 million in Q4 2016
- Q1 2017 net loss of $(8.1) million, or $(0.04) on a fully diluted per share basis, up from $(246.3) million, or $(1.41) on a fully diluted per share basis, in the prior quarter
- Q1 2017 EBITDA[1] of $26.6 million, which excludes the non-core Energy division that has been classified as "held for sale". Q1 EBITDA is up 257% compared to $7.5 million adjusted EBITDA in the previous quarter
- Continued to reduce working capital, with $18 million achieved in Q1 2017 and $201 million since the closing of the business combination in December 2015
- Maintained strong balance sheet with Q1 2017 net debt of $407 million compared to $405 in Q4 2016

LONDON, May 21, 2017 (GLOBE NEWSWIRE) -- Ferroglobe PLC (NASDAQ:GSM), the world's leading producer of silicon metal, and a leading silicon- and manganese-based specialty alloys producer, announced today results for the first quarter of 2017.

Of note, the company's non-core Energy division has been classified as "held for sale," and its results are consolidated only at the net income level.[2] There are no "non-recurring" items that require adjustments to net income or EBITDA for Q1 2017.

In Q1 2017, Ferroglobe posted a net loss of $(8.1) million, or $(0.04) per share on a fully diluted basis. Ferroglobe's EBITDA of $26.6 million for Q1 2017, excluding the non-core Energy division, represents an increase of 257% compared to adjusted EBITDA of $7.5 million in Q4 2016. While this represents Ferroglobe's strongest quarterly EBITDA performance in the last twelve months, the company is confident that improving prices and a continued reduction in operating costs will help ensure a return to Ferroglobe's historic margins and performance. The company reported EBITDA margins of 6.8% for Q1 2017, compared to adjusted EBITDA margins of 1.9% for Q4 2016. If the non-core Energy division were to be included, EBITDA would have been $6.6 million in Q4 2016 and $30.9 million in Q1 2017.

Net sales in Q1 2017 totaled $388.2 million, flat from $386.8 million in Q4 2016. Selling prices for Ferroglobe's key products continued to improve over the course of the quarter across both the U.S. and Europe:

- The average selling price for manganese alloys increased as much as 46% from Q4 2016. Taking into account the increase in manganese ore prices, the spread (average selling price of manganese alloys minus cost of manganese ore to produce those alloys) increased by 25% over that same period.
- The average selling price for silicon-based alloys increased 10% from Q4 2016.
- The average selling price for silicon metal remained flat from Q4 2016. A now-resolved strike at a large customer and rollover of below-market contract prices from Q4 2016 negatively impacted average selling prices in the quarter. Market prices have increased in North America, and the company is now starting to benefit from this improvement.
- We continue to realize average sales prices greater than index prices.

In terms of sales volumes, silicon metal experienced an 8% decrease quarter-over-quarter, silicon alloys experienced a 4% decrease quarter-over-quarter, and manganese alloys experienced a 17% decrease quarter-over-quarter. Silicon metal sales volumes were affected by the aforementioned strike at a key customer's facility, which has now been resolved. In order to preserve margins in manganese alloys, the company reduced production in response to a significant increase in the cost of manganese ore at the end of 2016, which negatively impacted manganese alloy volumes in Q1 2017. These conditions were temporary and volume trends are expected to normalize in Q2 2017.

	Quarter Ended March 31, 2017	Quarter Ended December 31, 2016	Quarter Ended March 31, 2016	Year Ended December 31, 2016
Shipments in metric tons:				
Silicon Metal	75,753	82,372	90,105	341,388
Silicon Alloys	75,386	78,698	73,473	297,669
Manganese Alloys	63,700	76,445	63,575	270,430
Total shipments*	214,839	237,515	227,153	909,487

	Quarter Ended March 31, 2017	Quarter Ended December 31, 2016	Quarter Ended March 31, 2016	Year Ended December 31, 2016
Average selling price ($/MT):				
Silicon Metal	$ 2,080	$ 2,080	$ 2,387	$ 2,201
Silicon Alloys	$ 1,473	$ 1,340	$ 1,433	$ 1,400
Manganese Alloys	$ 1,298	$ 890	$ 764	$ 826
Total*	$ 1,635	$ 1,452	$ 1,624	$ 1,530

	Quarter Ended March 31, 2017	Quarter Ended December 31, 2016	Quarter Ended March 31, 2016	Year Ended December 31, 2016
Average selling price ($/lb.):				
Silicon Metal	$ 0.94	$ 0.94	$ 1.08	$ 1.00
Silicon Alloys	$ 0.67	$ 0.61	$ 0.65	$ 0.64
Manganese Alloys	$ 0.59	$ 0.40	$ 0.35	$ 0.37
Total*	$ 0.74	$ 0.66	$ 0.74	$ 0.69

* Excludes by-products and other

"Ferroglobe experienced an improved start to the year, achieving EBITDA almost four times greater than the prior quarter. Despite a decrease in our shipments, the significant margin improvement reflects solid demand across end markets and a continued improvement in the overall pricing environment," said CEO Pedro Larrea. "We are confident in the actions we took during the market downturn over the few past quarters: we moved aggressively to manage our cost structure and actively identified markets and products that were experiencing an improved supply and demand environment. This, combined with our strong diversified portfolio, enabled us to capture the benefits of these improving trends. We are still in a recovery period from the bottom of the cycle, but are confident that we have passed the inflection point and optimistic about the remainder of 2017 and beyond. Moving forward, we will remain focused on improving our volumes and margins."

Continued focus on liquidity and cash-flow generation

Ferroglobe generated operating cash flows of $1.2 million in Q1 2017.[3] Part of the operating cash flow comes from working capital improvements of $18 million during Q1 2017, which implies a total working capital reduction of more than $200 million since December 2015, more than double the initial target. Ferroglobe's net debt was $407 million at the end of Q1 2017, compared to $405 million at the end of Q4 2016, despite a one-time disbursement of $24 million for an exceptional severance payment.

"We remain committed to generating cash flow and ensuring strict control in our operations. This financial discipline has allowed us to continue improving working capital in the beginning of this recovery period and to keep net debt constant, despite extraordinary cash outflows," said CFO Joe Ragan.

Adjusted EBITDA:

	Quarter Ended March 31, 2017	Quarter Ended December 31, 2016	Quarter Ended March 31, 2016	Year Ended December 31, 2016
Loss attributable to the parent	**$ (6,554)**	**(241,964)**	**(25,699)**	**(338,427)**
Loss attributable to non-controlling interest	(1,561)	(4,350)	(6,211)	(20,186)
(Profit) loss from discontinued operations	(2,494)	2,095	(338)	3,065
Income tax (benefit) expense	(2,167)	(7,816)	455	(46,609)
Net finance expense	12,124	6,507	5,287	23,051
Exchange differences	20	628	1,727	3,513
Depreciation and amortization charges, operating allowances and write-downs	27,219	27,007	41,778	121,346
EBITDA	**26,587**	**(217,893)**	**16,999**	**(254,247)**
Transaction and due diligence expenses	-	-	2,641	7,979
Impairment loss	-	199,834	-	267,449
Globe purchase price allocation adjustments	-	-	10,022	10,022

Business interruption	-	-	-	2,532
Inventory impairment	-	1,080	-	5,410
Executive severance	-	24,430	-	24,430
Adjusted EBITDA, excluding above items	**$ 26,587**	**7,451**	**29,662**	**63,575**

Adjusted diluted loss per share:

	Quarter Ended March 31, 2017	Quarter Ended December 31, 2016	Quarter Ended March 31, 2016	Year Ended December 31, 2016
Diluted loss per ordinary share	**$ (0.04)**	**(1.41)**	**(0.15)**	**(1.97)**
Tax rate adjustment	0.01	0.42	0.06	0.48
Transaction and due diligence expenses	-	-	0.01	0.03
Impairment loss	-	0.79	-	1.06
Globe purchase price allocation adjustments	-	-	0.04	0.04
Business interruption	-	-	-	0.01
Inventory impairment	-	-	-	0.02
Executive severance	-	0.10	-	0.10
Adjusted diluted loss per ordinary share	**$ (0.03)**	**(0.10)**	**(0.04)**	**(0.23)**

Adjusted net loss attributable to Ferroglobe:

	Quarter Ended March 31, 2017	Quarter Ended December 31, 2016	Quarter Ended March 31, 2016	Year Ended December 31, 2016
Loss attributable to the parent	**$ (6,554)**	**(241,964)**	**(25,699)**	**(338,427)**
Tax rate adjustment	1,921	72,835	10,629	82,081
Transaction and due diligence expenses	-	-	1,796	5,426
Impairment loss	-	135,887	-	181,865
Globe purchase price allocation adjustments	-	-	6,815	6,815
Business interruption	-	-	-	1,722
Inventory impairment	-	734	-	3,679
Executive severance	-	16,612	-	16,612
Adjusted loss attributable to the parent	**$ (4,633)**	**(15,896)**	**(6,459)**	**(40,227)**

[1] In Q1 2017 reported and adjusted EBITDA are equal, given that there are no "non-recurring" items that require adjustments to net income or EBITDA.

[2] Operating results exclude this division both for Q1 2017 and for any other comparable period.

[3] Operating cash flow and free cash flow include $(24) million of cash outflow for the actual disbursement of the severance payment occasioned by the departure of the company's Executive Chairman in December 2016.

Recent developments

As previously disclosed, on February 1, 2017, the company announced that it entered into a definitive agreement to sell the hydro-electric operations of its non-core Energy division in Spain for estimated gross cash proceeds of €255 million. The company made progress during Q1 2017 to gain further support, and during the month of May has filed all the formal requests with the relevant governmental authorities in order to obtain the necessary regulatory approvals.

Regarding the ongoing trade cases Ferroglobe filed in Canada and the U.S., the respective government agencies have decided to move forward with their investigations, as a result of favorable first milestones:

- On May 16, 2017, the CBSA exercised an extension for 45 days to complete its review for this phase of the investigation. The preliminary determinations for anti-dumping and countervailing duties will now take effect on or around July 5, 2017.
- The company expects that the U.S. Department of Commerce will make preliminary determinations on countervailing duties in the third quarter, and on anti-dumping duties early in the fourth quarter of 2017.

Both timelines are subject to change as the respective agencies continue their investigations.

Conference Call

Ferroglobe will review the results for the first quarter of 2017 results during a conference call at 9:00 a.m. Eastern Time on May 22, 2017. The dial-in number for the call for participants in the United States is 877-293-5491 (conference ID 23656251). International callers should dial 914-495-8526 (conference ID 23656251). Please dial in at least five minutes prior to the call to register. The call may also be accessed via an audio webcast available at http://edge.media-server.com/m/p/bg28ifsu

About Ferroglobe

Ferroglobe PLC is one of the world's leading suppliers of silicon metal, silicon-based specialty alloys, and ferroalloys serving a customer base across the globe in dynamic and fast-growing end markets, such as solar, automotive, consumer products, construction and energy. The company is based in London. For more information, visit http://investor.ferroglobe.com.

Forward-Looking Statements

This release contains "forward-looking statements" within the meaning of Section 27A of the United States Securities Act of 1933, as amended, and Section 21E of the United States Securities Exchange Act of 1934, as amended. Forward-looking statements are not historical facts but are based on certain assumptions of management and describe the company's future plans, strategies and expectations. Forward-looking statements generally can be identified by the use of forward-looking terminology, including, but not limited to, "may," "could," "seek," "guidance," "predicts," "potential," "likely," "believe," "will," "expect," "anticipate,: "estimate," "plan," "intends" or "forecast," variations of these terms and similar expressions, or the negative of these terms or similar expressions.

Forward-looking statements contained in this press release are based on information presently available to the company and assumptions that we believe to be reasonable, but are inherently uncertain. As a result, Ferroglobe's actual results, performance or achievements may differ materially from those expressed or implied by these forward-looking statements, which are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond the company's control.

You are cautioned that all such statements involve risks and uncertainties, including, without limitation, risks that the legacy businesses of Globe and FerroAtlántica will not be integrated successfully or that we will not realize estimated cost savings, value of certain tax assets, synergies and growth, or that such benefits may take longer to realize than expected. Important factors that may cause actual results to differ include, but are not limited to: (i) risks relating to unanticipated costs of integration, including operating costs, customer loss and business disruption being greater than expected; (ii) Ferroglobe's organizational and governance structure; (iii) the ability to hire and retain key personnel; (iv) regional, national or global political, economic, business, competitive, market and regulatory conditions including, among others, changes in metals prices; (v) increases in the cost of raw materials or energy; (vi) competition in the metals and foundry industries; (vii) environmental and regulatory risks; (viii) ability to identify liabilities associated with acquired properties prior to their acquisition; (ix) ability to manage price and operational risks including industrial accidents and natural disasters; (x) ability to manage foreign operations; (xi) changes in technology; (xii) ability to acquire or renew permits and approvals; (xiii) changes in legislation or governmental regulations affecting Ferroglobe; (xiv) conditions in the credit markets; (xv) risks associated with assumptions made in connection with critical accounting estimates and legal proceedings; (xvi) Ferroglobe's international operations, which are subject to the risks of currency fluctuations and foreign exchange controls; and (xvii) the potential for international unrest, economic downturn or effects of currencies, tax assessments, tax adjustments, anticipated tax rates, raw material costs or availability or other regulatory compliance costs. The foregoing list is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties that affect our business, including those described in the "Risk Factors" section of our Annual Reports on Form 20-F, Current Reports on Form 6-K and other documents we file from time to time with the United States Securities and Exchange Commission. Ferroglobe does not give any assurance (1) that the company will achieve its expectations or (2) concerning any result or the timing thereof, in each case, with respect to any regulatory action, administrative proceedings, government investigations, litigation, warning letters, consent decree, cost reductions, business strategies, earnings or revenue trends or future financial results. Forward-looking financial information and other metrics presented herein represent the company's goals and are not intended as guidance or projections for the periods presented herein or any future periods.

All information in this press release is as of the date of its release. Ferroglobe does not undertake or assume any obligation to update publicly any of the forward-looking statements in this press release to reflect actual results, new information or future events, changes in assumptions or changes in other factors affecting forward-looking statements. If the company updates one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. The company cautions you not to place undue reliance on any forward-looking statements, which are made only as of the date of this press release.

Non-GAAP Measures

EBITDA, adjusted EBITDA, adjusted loss attributable to the Ferroglobe parent entity and adjusted diluted loss per ordinary share are pertinent non-GAAP financial metrics that Ferroglobe utilizes to measure its success.

Ferroglobe has included these financial metrics to provide supplemental measures of its performance. The company believes these metrics are important because they eliminate items that have less bearing on the company's current and future operating performance and highlight trends in its core business that may not otherwise be apparent when relying solely on U.S. GAAP financial measures. Reconciliations of these measures to the comparable U.S. GAAP financial measures are provided above and in the attached financial statements.

Ferroglobe PLC and Subsidiaries
Unaudited Condensed Consolidated Income Statement
(in thousands of U.S. dollars, except per share amounts)

	Quarter Ended March 31, 2017	Quarter Ended December 31, 2016	Quarter Ended March 31, 2016	Year Ended December 31, 2016
Sales	$ 388,241	$ 386,833	$ 415,544	$ 1,555,657
Cost of sales	(241,074)	(272,141)	(281,479)	(1,043,000)
Other operating income	1,583	15,079	2,220	25,712
Staff costs	(65,818)	(88,780)	(66,368)	(293,032)
Other operating expense	(57,309)	(61,566)	(52,281)	(234,326)
Depreciation and amortization charges, operating allowances and write-downs	(27,219)	(27,007)	(41,778)	(121,346)
Impairment losses	-	(199,834)	-	(267,449)
Other gain (loss)	964	2,516	(637)	2,191
Operating loss	**(632)**	**(244,900)**	**(24,779)**	**(375,593)**
Finance income	377	321	243	1,534
Finance expense	(12,501)	(6,828)	(5,530)	(24,585)
Exchange differences	(20)	(628)	(1,727)	(3,513)
Loss before tax	**(12,776)**	**(252,035)**	**(31,793)**	**(402,157)**
Income tax benefit (expense)	2,167	7,816	(455)	46,609
Loss for the period from continuing operations	**(10,609)**	**(244,219)**	**(32,248)**	**(355,548)**
Profit (loss) from discontinued operations	2,494	(2,095)	338	(3,065)
Loss for the period	**(8,115)**	**(246,314)**	**(31,910)**	**(358,613)**
Loss attributable to non-controlling interest	1,561	4,350	6,211	20,186
Loss attributable to the parent	**$ (6,554)**	**$ (241,964)**	**$ (25,699)**	**$ (338,427)**
EBITDA	26,587	(217,893)	16,999	(254,247)
Adjusted EBITDA	26,587	7,451	29,662	63,575
Weighted average shares outstanding				
Basic	171,838	171,838	171,838	171,838
Diluted	171,838	171,838	171,838	171,838
Loss per ordinary share				
Basic	(0.04)	(1.41)	(0.15)	(1.97)
Diluted	(0.04)	(1.41)	(0.15)	(1.97)

Ferroglobe PLC and Subsidiaries
Unaudited Condensed Consolidated Statement of Financial Position
(in thousands of U.S. dollars)

		March 31, 2017	December 31, 2016
ASSETS			
Non-current assets			
Goodwill	$	230,733	230,210
Other intangible assets		56,854	62,839
Property, plant and equipment		790,501	781,606
Non-current financial assets		5,967	5,823
Non-current financial assets from related parties		-	9,845
Deferred tax assets		47,768	44,950
Non-current receivables from related parties		2,139	2,108
Other non-current assets		20,892	20,245
Total non-current assets		**1,154,854**	**1,157,626**
Current assets			
Inventories		312,757	316,702
Trade and other receivables		214,738	209,406
Current receivables from related parties		5,576	11,971
Current income tax assets		16,614	19,869
Current financial assets		3,640	4,049
Other current assets		10,703	9,810
Cash and cash equivalents		172,647	196,931
Assets and disposal groups classified as held for sale		120,094	92,937
Total current assets		**856,769**	**861,675**
Total assets	$	**2,011,623**	**2,019,301**
EQUITY AND LIABILITIES			
Equity	$	**902,872**	**892,042**
Non-current liabilities			
Deferred income		3,656	3,949
Provisions		83,993	81,957
Bank borrowings		78,123	179,473
Obligations under finance leases		1,906	3,385
Debt instruments		339,693	-
Other financial liabilities		86,962	86,467
Other non-current liabilities		2,317	5,737
Deferred tax liabilities		132,753	139,535
Total non-current liabilities		**729,403**	**500,503**
Current liabilities			
Provisions		11,915	19,627
Bank borrowings		1,545	241,818
Obligations under finance leases		586	1,852
Debt instruments		4,156	-
Other financial liabilities		1,616	1,592
Payables to related parties		10,283	30,738
Trade and other payables		177,015	157,706
Current income tax liabilities		3,616	961
Other current liabilities		63,346	64,780
Liabilities associated with assets clasiffied as held for sale		105,270	107,682
Total current liabilities		**379,348**	**626,756**
Total equity and liabilities	$	**2,011,623**	**2,019,301**

Ferroglobe PLC and Subsidiaries
Unaudited Condensed Consolidated Statement of Cash Flows

(in thousands of U.S. dollars)

	Quarter Ended March 31, 2017	Quarter Ended December 31, 2016	Quarter Ended March 31, 2016	Year Ended December 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:				
Loss for the period	$ (8,115)	$ (246,314)	$ (31,910)	(358,613)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Income tax benefit	(1,214)	(8,276)	777	(46,695)
Depreciation and amortization charges, operating allowances and write-downs	27,222	27,705	42,998	125,677
Finance income	(795)	(321)	(243)	(1,554)
Finance expense	13,765	7,820	7,858	30,269
Exchange differences	20	633	1,728	3,513
Impairment losses	-	200,458	-	268,089
Loss on disposals of non-current and financial assets	(558)	(748)	(51)	(340)
Other adjustments	(406)	(6,099)	688	(1,851)
Changes in operating assets and liabilities				
Decrease in inventories	7,108	48,376	43,349	108,207
Decrease (increase) in trade receivables	3,765	(15,486)	25,797	56,297
Increase in trade payables	17,085	27,479	1,910	28,572
Other*	(38,213)	9,500	(42,851)	(50,001)
Income taxes (paid) received	(1,825)	9,255	(12,774)	(10,933)
Interest paid	(16,651)	(9,162)	(7,702)	(29,468)
Net cash provided by operating activities	1,188	44,820	29,574	121,169
CASH FLOWS FROM INVESTING ACTIVITIES:				
Payments due to investments:				
Other intangible assets	(410)	(2,371)	(436)	(4,914)
Property, plant and equipment	(12,362)	(17,830)	(26,808)	(71,119)
Non-current financial assets	(14)	(9,123)	-	(9,807)
Current financial assets	-	9,825	(53)	(105)
Disposals:				
Intangible assets	-	-	30	-
Property, plant and equipment	-	-	104	-
Non-current financial assets	-	-	-	11
Current financial assets	-	99	-	99
Interest received	1,005	(483)	243	1,554
Net cash used by investing activities	(11,781)	(19,883)	(26,920)	(84,281)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Dividends paid	-	(13,745)	(13,747)	(54,988)
Increase/(decrease) in bank borrowings:				
Borrowings	31,425	19,053	56,991	124,384
Payments	(172,380)	(23,539)	(49,698)	(81,237)
Other amounts paid due to financing activities	144,111	70,071	(712)	61,758
Net cash provided (used) by financing activities	3,156	51,840	(7,166)	49,917
TOTAL NET CASH FLOWS FOR THE PERIOD	(7,437)	76,777	(4,512)	86,805
Beginning balance of cash and cash equivalents	196,982	119,166	116,666	116,666
Exchange differences on cash and cash equivalents in foreign currencies	3,486	1,039	1,865	(6,489)
Ending balance of cash and cash equivalents	$ 193,031	$ 196,982	$ 114,019	196,982

* Includes the cash outflow impact of the $32.5M shareholder settlement during the quarter ended March 31, 2016 .

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Source: Ferroglobe PLC